

EXECUTIVE SECRETARIAT

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/EEO				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20	NIO/NEA	✓			
21					
22					
		SUSPENSE	Date		

Remarks:

3537 (10-81)

Executive Secretary
 10/12/82
 Date

STAT

State Dept. review completed



United States Department of State

Washington, D.C. 20520

October 9, 1982

 Rec'd 12 Oct.
 Executive Registry
 12-12040

UNCLASSIFIED
 (With SECRET/SENSITIVE Attachments)

Interagency Group No. 31

TO :

OVP	-	Mr. Donald P. Gregg
NSC	-	Mr. Michael O. Wheeler
AID	-	Mr. Gerald Pagano
CIA	-	
Defense	-	COL John Stanford
JCS	-	MAJ Dennis Stanley
OMB	-	Mr. Alton Keel
Treasury	-	Mr. David Pickford
UNA	-	Amb. Harvey Feldman

STAT

SUBJECT: Interagency Steering Group on Lebanon:
 Circulation of Study Papers

Attached are the most recent versions of five papers on Lebanon. Addressees are asked to provide comments or edits by COB Tuesday, October 12, to Mr. Tain Tompkins at 632-5804. This process will insure that papers drafted in small interagency session October 8 have the benefit of comment from the full ISGL membership.

L. Paul Bremer, Jr.
 L. Paul Bremer, Jr.
 Executive Secretary

Attachments:

1. Stage One Disengagement
2. Destination for the PLO
3. Termination of Belligerency
4. Peacekeeping in Southern Lebanon
5. Reconstruction of Lebanon

UNCLASSIFIED
 (With SECRET/SENSITIVE Attachments)



B223A

SECRET

SUMMARY: STAGE 1 DISENGAGEMENT

ANTICIPATED LOCATIONS:

-- Syrian Forces - North of Beirut-Damascus highway
from western Bekaa to Syrian border.

Israeli Forces - South of highway vicinity of
40 kilometer line.

Peacekeeping Forces - Along Beirut-Damascus highway from
Babda to Syrian border.

PEACEKEEPING FORCE (PKF) SIZE: Three Brigades approximately
10,500 man total force.

OPTIONS FOR MANNING PKF: (1) Expanded MNF
(2) New mandated UNIFIL
(3) Combination/transition

MISSION FOR PKF: Single line deployment, interposed between
Syrian and Israeli forces; sector sur-
veillance of "buffer zone."

PLO OPTIONS: Bekaa - Remain with Syrian and withdraw to
new positions north of highway.

Tripoli - Withdraw from Lebanon

SECRET

SECRET

Stage 1 Disengagement

The paper addresses two issues*:

- the positions within Lebanon to which Syrian and Israeli forces should withdraw during Stage 1;
- the role, mission, and composition of an international force which would be interposed between the redeployed Syrian and Israeli forces.

I. PROPOSED WITHDRAWAL LINES

A. General

The first stage of disengagement envisages:

- an Israeli pullback to the vicinity of the 40 kilometer line;
- a Syrian withdrawal approximately 5 kilometers north of the Beirut-Damascus highway, including any associated PLO forces;
- withdrawal from Lebanon of PLO in the Tripoli area.

A map showing the proposed disposition of Israeli and Syrian forces at the conclusion of the Stage 1 withdrawal is attached.

B. Israeli Forces

The Israeli forces withdraw to a line that runs:

- slightly north of the 40 kilometer line, just south of the Damur river running easterly from the sea to the vicinity of Khirbat Qanafar, then turning southeasterly

* It assumes a two-stage withdrawal and that PK forces should not deploy in the immediate proximity of withdrawing Israeli and Syrian forces.

SECRET

~~SECRET~~
- 2 -

generally paralleling the 40 kilometer line to the Syrian border in the vicinity of Mount Hermon.

The line could be adjusted locally to conform to militarily defensible terrain.* The Israelis would lose little militarily if they fell back from their present positions to the line described above as they would retain the capability to strike at the Syrian forces in the Bekaa with little difficulty.

C. Syrian Forces

The Syrian forces would withdraw to positions approximately 5 kilometers north of the Beirut-Damascus highway and generally running in a northwest-southeast direction from the western military crest of the Sannin ridgeline across the Bekaa Valley south of Zahlah and Al Muallaqah, to the Syrian border. These proposed Syrian withdrawal positions are located on the most favorable militarily defensible terrain north of, but close to, the highway.* If for political reasons we and/or the GOL were to oppose Syrian positions on the western slope of the Lebanon Mountains (e.g., the western crest of the Sannin ridgeline) as a western flank of the Stage 1 Syrian withdrawal line, military considerations would dictate a Syrian redeployment further east to positions which straddle the Lebanon-Syria border, i.e., to locations which would be politically indistinguishable from a Stage 2 withdrawal and

* Conforming the line to military defensibility may give the impression that it is implicitly designed as a long-term front.

SECRET

SECRET

- 3 -

unacceptable to the Syrians in Stage 1.

Syrian units in these new positions could conceivably be resupplied from the north through Riyaq down the Bekaa. However, that line of communication is lengthy, and the Syrians may hold out for resupply using the Damascus highway (approximately 15 kilometers of the highway in Lebanon). This need not present a major obstacle and could be handled through close coordination of resupply movements with the interpositioned force that would be in position along the Beirut-Damascus highway.

D. PLO Withdrawal from Tripoli

An armed Palestinian presence remains in the vicinity of Tripoli. As part of the Stage 1 withdrawals, the approximately 2,000 PLO forces now in the Tripoli area should depart from Lebanon. (This plan is covered in a separate paper.)

II. INTERPOSITION FORCE

A. General Concept

As Israeli and Syrian forces relocate, an international force (PKF) would be interposed between the new lines. The PKF would provide a neutral presence between the two forces, monitor this buffer zone for infiltration or redeployments by these forces in violation of the withdrawal agreement, and control military movement into Lebanon along the major access highway. LAF forces would move freely in the buffer zone to perform internal security functions, operating by prior arrangement with the GOL and in close coordination with the force. LAF liaison officers would be assigned to interposition force.

SECRET

SECRET

- 4 -

The PKF would not be intended to stop major violations by force, but only to report their occurrence so that remedies could be sought by diplomatic means. If action were to be taken, for example, against major infiltration by the PLO, the LAF would be called upon to undertake such missions, perhaps with a quick reaction team. (This would, of course, decrease Israeli confidence in the PKF as a barrier to PLO infiltration.) The international force also should have a rapid reaction capability for responding to minor violations and other contingencies.

The optimum disposition for such an interposition force would be along a single line in the buffer zone between the belligerents. Such a line would incorporate strong point/check point positions, with motor or foot patrols conducted between positions. The entire buffer zone could also be monitored by aerial reconnaissance and sensors.

A single line is preferable to covering the entire buffer zone or setting up two lines -- one in front of the Syrian and one in front of the Israeli positions -- from the viewpoint of the manpower required and the risks of involvement of the PKF in hostilities. A single line deployment also would underscore that the international force was not intended to deal with major violations, and would thereby emphasize the self-enforcing aspect of any withdrawal agreement. It would, on the other hand, provide no deterrent to operations by Israeli or Haddad forces in the southern area between the PKF line and

SECRET

SECRET

- 5 -

the Israeli line, nor would it provide any deterrent to operations by Syrian or PLO forces in the northern area between the PKF line and the Syrian line. In a broader sense, it may contribute (or appear to contribute) to an effective partition of the country.

Assuming the withdrawal lines described above are agreed upon, the interposition force consisting of three (3) Brigades of 3,500 men each should be deployed along the Beirut-Damascus highway from Beirut to the Syrian border. The highway deployment would permit command, control, communication and facilitate movement between checkpoints.

B. Sources of PKF

Two options exist regarding the composition of such a force: (1) expanding the MNF area of operations while increasing the force size and (2) moving parts of UNIFIL north from southern Lebanon. The advantages and disadvantages of each alternative are discussed below:

The MNF Option

The security situation in West Beirut will probably have stabilized further by the time of an actual Stage 1 deployment. Consequently, if a decision were made to deploy MNF forces along the Beirut-Damascus highway, it would initially be undertaken by thinning out the existing MNF contingents in Beirut. However, an expanded MNF -- augmented either by additional troops from the

SECRET

SECRET

- 6 -

current MNF contributors or by contingents from new MNF contributors -- would have to be deployed. The U.S. would be under considerable pressure to participate in this new MNF mission. Because MNF would have no unified commander, nations would be grouped by a linked sector concept. Each national force would be responsible for a well defined portion of the highway.

Pros

-- There is a compelling political logic for the MNF to extend its area of operation from Beirut along the Beirut-Damascus highway. Core forces are in place and such an enlargement of mission could be implemented quickly. Probably the GOL and certainly the GOI would prefer that the MNF assume this mission. The GOI opposes any force with a UN label and has found UNIFIL ineffective in the past.

-- If our intent is to give the GOI maximum confidence that their security concerns are being taken into account during the first stage of the Phase II withdrawal, the MNF would probably help instill such confidence.

-- If the GOL strongly prefers the MNF in such a role and the U.S. is seen to be pushing for UNIFIL, it may be interpreted as a U.S. lack of will and perseverance to achieve its objective in Lebanon.

Cons

The most serious objection to the MNF option is the probable necessity for U.S. involvement:

SECRET

SECRET

- 7 -

-- Stage 1 may entail a long-term commitment. This would raise difficult political issues as well as practical military questions concerning military deployment priorities (a terminal date would be important).

-- Congressional support for the U.S. MNF deployment is fragile. An expansion of the MNF mandate to areas outside Beirut -- which probably would necessitate a follow up to the War Powers Report -- might place that support in jeopardy.

The UNIFIL Option

UNIFIL forces in southern Lebanon could deploy elements north to the Beirut-Damascus highway. Existing UNIFIL forces could probably handle this Stage 1 requirement. In any event an augmentation of the current UNIFIL force would already be required for Stage 2, if UNIFIL becomes the Stage 2 force.

The UN Security Council would have to agree to a new mandate before UNIFIL could assume this Stage 1 mission. Whatever the composition of the Stage 1 buffer force, however, UNIFIL will require a new mandate to play its peacekeeping role in the south during Stage 2.

Pros

-- UNIFIL is already in Lebanon and could easily move north.

-- The Beirut-Damascus highway mission resembles functions UNIFIL has already performed.

-- Active and visible UNIFIL participation in Stage 1 would enhance its credibility, thereby improving the prospects that

SECRET

SECRET

- 8 -

the UNIFIL mandate will be extended and setting the stage for UNIFIL to play the predominant peacekeeping role in Stage 2.

--

Cons

-- We will have substantial difficulty obtaining GOI agreement to any UNIFIL role in Stage 1.

-- A new UN mandate could entail delays, controversy, and possible USSR manipulation during Security Council consideration.

Combination

A third alternative could entail MNF providing the initial interposition force along the Beirut-Damascus highway, with an option for replacement by UNIFIL at a fixed date. Such an escape clause would be important if Stage 1 dragged out without agreement on Stage 2 of the withdrawal process.*

* A transition of the peacekeeping force from MNF to UNIFIL could also be applicable to the interposition force in southern Lebanon. See separate paper on Southern Lebanon.

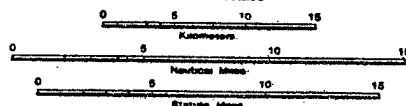
SECRET

- International boundary
- - - Armistice Line, 1949
- Province (Muhafazah) boundary
- ★ National capital
- Sideg Province (Muhafazah) capital
- Standard-gauge railroad
- Narrow-gauge railroad
- Surfaced road
- - - Unsurfaced road
- ✈ Airfield
- ⚓ Principal port

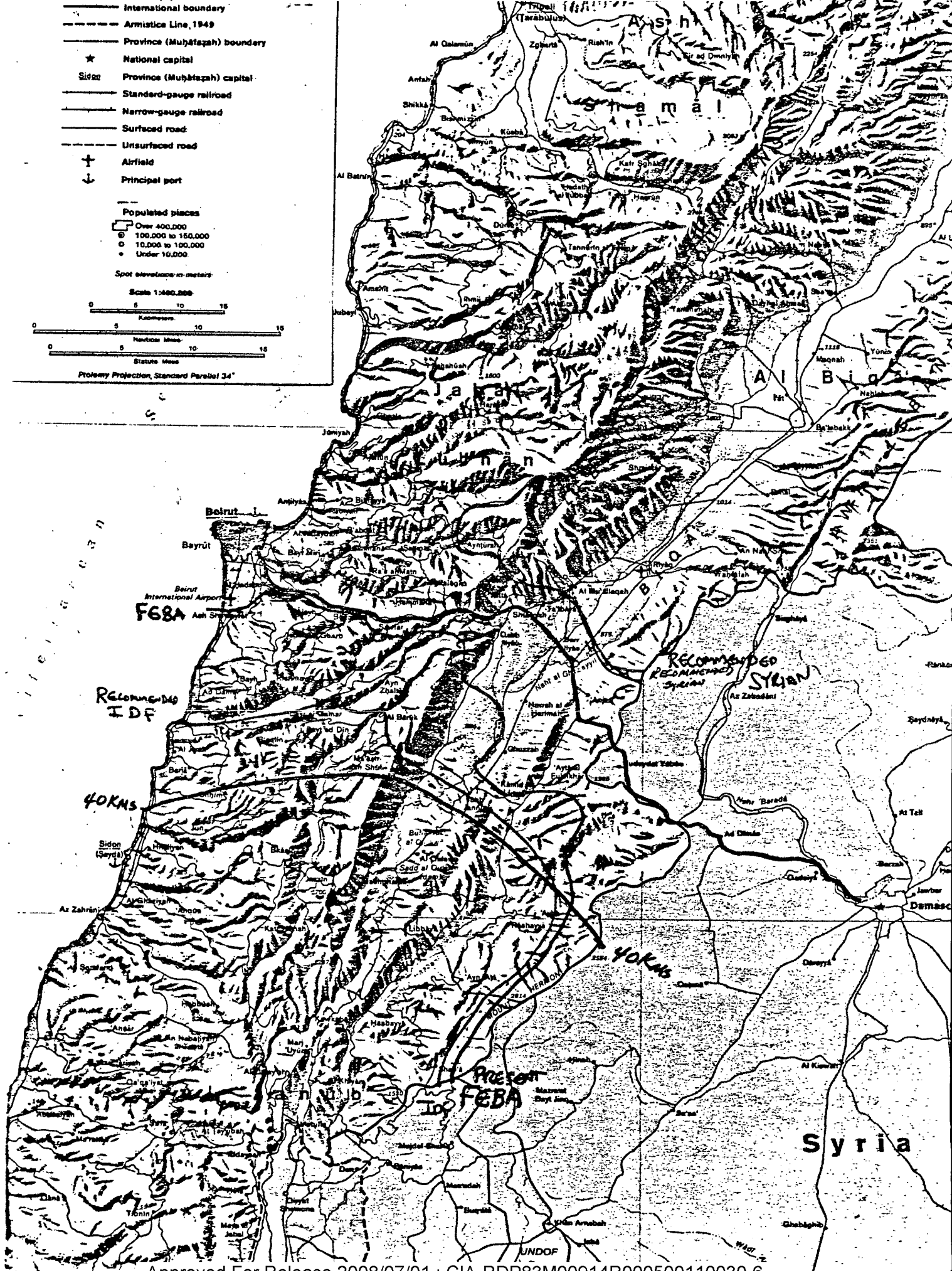
- Populated places
- Over 400,000
- 100,000 to 150,000
- 10,000 to 100,000
- Under 10,000

Spot elevations in meters

Scale 1:400,000



Protermy Projection, Standard Parallel 34°



SECRET

DESTINATIONS FOR THE PLO

PLO Combatants: Number and Location

Intelligence community estimates of PLO combatants in Lebanon vary from 6,000 (INR) to 13,000 (DIA). These figures are very soft and several factors could cause an upward revision:

-- Reports that some of the PLO combatants evacuated from Beirut to Syria have been filtering back up to Lebanon.

-- The possibility that family members of this PLO combatant group may be included is greater than during the Beirut evacuation because some of these PLO fighters have been in Lebanon longer; and

-- Our previous experience in the Beirut evacuation of underestimating the number of PLO combatants in Beirut by several thousand.

Using a figure of 7,000 as a base, this total is broken down as follows: 1,000 PLO combatants in the Tripoli area and 6,000 in the Bekaa Valley. (The 7,000 figure comes from briefings Phil Habib gave this week.)

Possible Destinations

Option I: Send them all to Syria. The "quick fix" solution for evacuating all combatants from Lebanon is to have them all go to Syria. The costs associated with transportation

SECRET
DECL: OADR

SECRET

- 2 -

would be minimized and it would not be necessary to go through the involved process of either counting on the PLO/other Arabs to make other arrangements for destinations or, failing that, having to take on the responsibility of making such arrangements ourselves as was the case in the Beirut evacuation.

On the negative side, the Syrian Government would be extremely reluctant to accept more PLO fighters. During the Beirut evacuation, we indicated to the SARG that if it cooperated in taking its fair share of PLO combatants, we would not come back to it with further requests. Assad was skeptical of this at the time and expressed the concern that once Syria opened its doors to the first group of PLO, tens of thousands would follow. In fact, the Syrians have an excellent point. Syria, having agreed initially to taking 1-2,000 PLO, ended up taking 10,116 combatants (of which over 4,000 were PLO) during the Beirut evacuation and now we would be asking them to take another large number. Another strong negative argument against sending the bulk of the PLO to Syria is the very real possibility that a number of these combatants could easily reinfiltrate across the porous Lebanese-Syrian border. Reinfiltration is already a problem and Syria claims that additional PLO personnel would simply increase the need for greater efforts to keep the PLO combatants within Syria's borders.

SECRET

SECRET

- 3 -

Option II: Send some of the PLO combatants to Syria, with the remainder to be distributed among other countries that received combatants during the Beirut evacuation. Given the numbers, it is clear that Syria will have to take some of the PLO combatants. While some of the countries involved in the Beirut evacuation (e.g., North Yemen, South Yemen) clearly are not willing to take additional PLO combatants, other countries from the earlier evacuation could perhaps be prevailed upon to take additional combatants.

We no longer have the threat of PLO annihilation and Beirut destruction to work with. On the other hand, there has now been established a clear relationship between the removal of remaining PLO forces and our ability to induce the Israelis to withdraw. For those moderates interested in pursuing the President's peace initiative, the less direct linkage between that goal and PLO withdrawal will also be clear.

In particular, we would want to focus on (number of combatants taken from the Beirut evacuation shown in parenthesis):

-- Jordan (289) - King Hussein's recently proclaimed amnesty for those involved in the 1970 fighting in Jordan combined with his discussions with Arafat may indicate Hussein will be more flexible in taking larger numbers than was the case previously. In addition, Hussein understands more clearly

SECRET

SECRET

- 4 -

than others the tie-in between success in Lebanon and moving ahead with the peace process, and could perhaps be prevailed upon to take up to 1,000 PLO combatants during the Phase II operation.

Iraq (107) - Iraq, like Jordan, was a big disappointment during the Beirut evacuation. Communication with Iraq was very poor; it was never clear why Iraq took such a small number. With the proper approach (especially following the Habib-Assad and Shultz-Khaddam discussions last week), the Iraqis could be induced to take more - perhaps up to a thousand.

Sudan (488) - Although the PLO were not particularly enthusiastic about going to Sudan, the Sudanese, with Saudi financial assistance, could easily be prevailed upon to take another 600 as the original target during the Beirut evacuation was 1,000 combatants.

Tunisia (984) - Tunisia was extremely cooperative and took its quota of 1,000 PLO combatants during the Beirut evacuation. Given the GOT's cooperative attitude and the fact that Arafat is headquartered in Tunisia, it would be worth exploring if Tunisia would take an additional 500 combatants.

Algeria (588) - At one point in the planning for the Beirut evacuation, there was a possibility Algeria could have taken up to 1,000. This figure was later shaved to 600. It would be worthwhile to go back to the Algerians to see if they would take an additional 500 combatants.

SECRET

SECRET

- 5 -

Greece (229) - As before, Greece could be asked to take wounded and sick PLO combatants.

Egypt - During the initial stages of planning for the Beirut evacuation, we were turned down by the Egyptians in our request that they take the bulk of the PLO fighters. Given the success of the Beirut evacuation and the obvious linkage between success in the Phase II stage in Lebanon and the peace process, it would definitely be worthwhile to go back to Mubarak and ask him to agree to take perhaps 700 PLO combatants.

Cost of Evacuation

While the cost of evacuation cannot be determined until the countries of destination have been decided, it is clear that, unless all the PLO fighters are evacuated to Syria, there will be substantial costs in transporting fighters to third countries. Combatants destined for Syria could either go overland or make a very short boat trip from Tripoli to Tartus.

Fighters destined for other countries could either go by sea or air (the latter either from Lebanon or Syria). The evacuation by air would simplify the evacuation process but result in an expensive operation. If an air operation is chosen, we would then have to decide between chartering aircraft through ICM (as was the case during the Beirut evacuation) or asking some Arab country or combination of countries to provide transportation. (During the Beirut

SECRET

SECRET

- 6 -

evacuation, the Saudis turned down our request for Saudi aircraft; the Algerians used their aircraft to evacuate the group destined for Algeria from Cyprus).

Mechanics of Arranging Evacuation

As with the Beirut evacuation, we should make every effort to insure that evacuation of PLO combatants does not become an American operation, but rather is a responsibility of Arab governments. To this end, we have cabled to Beirut encouraging the GOL to urge the PLO to make contacts with possible recipient countries now. This approach would urge the PLO to work with the Saudis in lining up recipient countries.

However, if the Beirut experience is replicated, neither the PLO nor the Arab governments will follow through in organizing an evacuation and the U.S. will have no choice but to get involved once again. The question we must address now is: If the Beirut precedent holds, how long do we want to wait for the GOL, PLO, and Arab governments to make efforts to arrange the evacuation before stepping in?

The evacuation of PLO fighters in the Bekaa would occur during the withdrawal phase. Those in Tripoli would leave during the withdrawal phase even though they would not move during the initial disengagement phase.

SECRET

SECRET/SENSITIVE

Termination of Belligerency:
Practical Steps

Introduction

From the beginning of the Lebanon campaign, Israel has had the goal of achieving some form of improved relationship with Lebanon as part of the price for Israeli withdrawal. Initially Israel sought some form of bilateral agreement on security measures in Southern Lebanon, including joint Israeli-Lebanese establishment of a peacekeeping force. More recently, Israel's goal has been a "peace treaty," presumably addressing political, diplomatic and trade relations on the Egypt-Israel model.

We have recognized from the outset that any Lebanese Government would be placed in an impossible position both domestically and with the other Arabs if it were to make significant political concessions to Israel at this stage. At the same time, some concrete steps in the political-legal relationship between Israel and Lebanon would seem extremely useful (and probably essential) to achieve Israeli withdrawal. The GOI will need to be able to point to some concrete achievements to justify domestically the lives and resources it has expended. (At a minimum, it will want an ongoing formal commitment that the situation in Southern Lebanon will not be permitted to revert to that which existed before June, as well

SECRET/SENSITIVE

DECLASSIFY ON OADR

SECRET/SENSITIVE

- 2 -

as practical arrangements on the ground to assure that this commitment is carried out.) From a U.S. standpoint, we will be in a much stronger position to press for Israeli withdrawal (both domestically and with the Israelis) if the package we are promoting includes some form of formal Lebanese commitments responsive to Israel's legitimate security concerns.

This paper addresses how the concept of termination of the state of belligerency between Lebanon and Israel might be structured in light of these various considerations. In particular, it discusses (1) the practical difference between "termination of belligerency" and "peace"; (2) the necessary and optional elements in a termination of belligerency (i.e. the possible elements which could be included in arrangements between Israel and Lebanon); (3) the alternative legal forms which can be used to terminate belligerency; (4) possible U.S. "guarantees" related to the parties' performance of their commitments under such arrangements; and (5) the relation of termination of belligerency to Lebanon's commitments under the Arab League defense pact.

"Termination of Belligerency" versus "Peace"

As a technical matter, there is no distinction between a "termination of belligerency" and the establishment of "peace." Each term implies a termination of any claim of "belligerent rights" to undertake hostile action, including military attacks, blockades, etc. against the other party to

SECRET/SENSITIVE

SECRET/SENSITIVE

- 3 -

the conflict.* The practical distinction between the two terms is that unlike a simple termination of belligerency, the establishment of "peace" connotes the creation or restoration of relationships between the parties going beyond a mere absence of a state of war (e.g. normal diplomatic and trade relations). However, peace does not necessarily require such relations (e.g. the U.S. and Libya and the U.S. and Cuba are at peace). Similarly, peace is ordinarily established in the form of a "peace treaty," a formal document signed at the head of government or foreign minister level and ratified in accordance with internal, constitutional processes. Again, however, there is no requirement that this form be adopted.

Content of Arrangements Terminating Belligerency

The only substantive requirement in a document terminating belligerency is a provision to that effect. (The terminology can vary. For example, reference to termination of a "state of war" or to termination of "hostilities" would have the same legal effect as a "termination of belligerency.") The sole operative paragraph in the declaration of the United States terminating our state of war with Germany after World War II provided:

*Since the adoption of the UN Charter which limits the use of force to situations of self-defense, there is a major question as to whether a nation can properly claim belligerent rights under any circumstances following a cessation of active hostilities. Thus, to a large extent a formal termination of belligerency would be of political rather than legal significance.

SECRET/SENSITIVE

SECRET/SENSITIVE

- 4 -

"I, Harry S. Truman, President of the United States of America, pursuant to (joint resolution of the Congress) do proclaim that the state of war between the United States and the Government of Germany declared by the joint resolution of Congress approved December 11, 1941, was terminated on October 19, 1951."

While such a provision is the minimum, there is no maximum substantive content to a termination of belligerency, other than what the parties are willing to accept.

A termination of belligerency between Israel and Lebanon containing no other substantive provisions would have some value for Israel in terms of manifesting an improvement in its political relationship with Lebanon. It would not be responsive, however, to Israel's security concerns. Despite asserting the existence of a state of belligerency, the Government of Lebanon has not been a party to hostilities with Israel; GOL termination of the state of belligerency therefore would not significantly alter the threat to Israel which has come from elements outside the control of the Lebanese Government. (It would, however, more clearly affirm the duty of the Lebanese Government to prevent the use of its territory for hostile acts against Israel.)

Other substantive elements related to Israel's security concerns which might be considered for inclusion in a Lebanese termination of belligerency document include:

-- a commitment not to initiate hostilities;

SECRET/SENSITIVE

SECRET/SENSITIVE

- 5 -

-- a commitment to use best efforts to prevent hostilities from Lebanese territory, including cross-border attacks or infiltrations by groups or individuals;

-- a commitment not to provide support to armed groups in Israel which are not operating under the authority of the GOI (i.e. the PLO).

In each case, a reciprocal assurance from Israel would be beneficial to Lebanon. The first commitment could be portrayed as a guarantee that Israeli withdrawal is permanent (although Israel of course would retain the right of self-defense, including the right to cross the border where that is a legitimate act of self-defense). The second commitment could be used by Lebanon to justify stringent measures to bring the Palestinians under control. (This could also be used to meet potential Israeli demands for a legal relationship with the peacekeeping force; the peacekeeping force could be characterized as a temporary measure initiated by the Lebanese Government to implement this commitment to Israel. In effect, it would define the minimum "mandate" of the force. Assurances to Israel that Lebanon would proceed to strengthen the LAF would be another step in implementation of this undertaking.) The third could be invoked to preclude the re-supply of Haddad.

Possible elements which are not related to the immediate security problem, but which would be attractive to Israel from a political and economic standpoint include:

SECRET/SENSITIVE

SECRET/SENSITIVE

- 6 -

-- Acknowledgement of Israel's sovereignty, territorial integrity and political independence and its right to live in peace within secure and recognized boundaries free from threats or acts of force. This, of course, is the language of Resolution 242. (Although 242 is not directly applicable to Lebanon, which was not involved in the 1967 war, it could be a useful model. Since Lebanon will have gotten all of its territory back, it might be possible for Arab States to acquiesce in Lebanon's recognizing Israel's right to exist, consistent with Resolution 242.)

-- Establishment of limited commercial, technical and similar relations. (In the implementation of the Egypt-Israel Peace Treaty, Egypt has found the civil aviation, scientific and technical exchanges, tourism, and economic normalization arrangements to be the least politically sensitive.)

-- An undertaking to engage in negotiations following Israeli withdrawal with a view towards establishing normal diplomatic and trade relations. This would provide Israel a significant political achievement (analogous to the provisions of the Camp David Accords which committed Egypt to negotiate a peace treaty), but would not place Lebanon in the position of negotiating a peace treaty while under Israeli occupation.

The Lebanese Government may be able to justify entering into limited security arrangements in return for Israeli withdrawal (assuming this can be done in a form that is

SECRET/SENSITIVE

SECRET/SENSITIVE

- 7 -

politically acceptable, as discussed below). Since practical security arrangements will have to be negotiated in any event, the formulation of language regarding such arrangements should not unduly complicate the overall negotiating process. The introduction of non-security matters, however, would almost certainly complicate and prolong the negotiation of the termination of belligerency document. If it is not possible to avoid these subjects completely, an intermediate outcome would be a commitment to negotiate subsequently on certain specified subjects.

Form

Signing an agreement with Israel would subject Lebanon to severe Arab criticism. Several alternative formulae could mitigate this concern:

Unilateral Declaration: International law recognizes that a unilateral declaration can be binding, providing that the circumstances clearly indicate that the issuing State intended to be bound. For example, after World War I, the United States, China, and Costa Rica terminated their state of war with Germany through declarations. In 1951, most of the Allied Powers declared unilaterally that their state of war with Germany was terminated. In France, the declaration took the form of a Government decree; in the United Kingdom that of a notice in the official Gazette; and in the United States the form of a Presidential proclamation (quoted above).

SECRET/SENSITIVE

SECRET/SENSITIVE

- 8 -

A variant would be a unilateral declaration by the GOL which was communicated to Israel and accepted by it. Such an explicit acceptance, in the absence of any objection by Lebanon, would serve as a further indication of Lebanon's intent to be bound.

To the extent that reciprocal arrangements would be included, however, a unilateral declaration would suffice only if accompanied by a parallel Israeli declaration.

Parallel Declarations

Israel and Lebanon could issue parallel but independent declarations setting forth the terms of the arrangements agreed upon. Technically, some might argue that this is not really an "agreement," but rather two unilateral declarations which accomplish the termination of belligerency, but leave in question the legally binding nature of other elements of the arrangement. In such a case, whether an agreement is created depends on what the parties intended. Any doubt on this question could be removed by an explicit statement in each declaration that, taken together, they constitute an agreement binding on both parties.

Adherence to Third Party Declaration

The agreement could be concluded through an intermediary. Algeria set forth the contents of the arrangements terminating the hostage crisis in a document called the "Declaration of Algiers," and the U.S. and Iran independently informed Algeria

SECRET/SENSITIVE

SECRET/SENSITIVE

- 9 -

in writing of our adherence to that declaration. No paper passed between Iran and the United States. A similar formula was used by Iraq in connection with the 1949 Armistice agreements negotiated by the UN Special Mediator. Iraq transmitted a diplomatic note to the special UN Mediator stating its adherence to the terms of the Armistice Agreements negotiated between Israel and its immediate Arab neighbors.

Bilateral Agreement

The agreement could be concluded through a document signed by authorized representatives of Lebanon and of Israel. A peace treaty is ordinarily signed by political officials. An armistice, which only suspends hostilities, is ordinarily signed by military officials. It is arguable which level is more appropriate for an agreement which terminates hostilities, but so long as the representatives signing the agreement are authorized to do so by their governments, the legal effect is identical.

There is ample precedent for bilateral agreements between Israel and its Arab neighbors in the security area. Military representatives of Lebanon, Jordan, Syria and Egypt signed Armistice Agreements along with Israeli representatives in 1949. The 1974 and 1975 Egypt-Israel and the 1975 Syria-Israel disengagement agreements were similarly signed by military representatives of both Governments. Thus, the GOL could presumably justify a similar pattern in this case.

SECRET/SENSITIVE

SECRET/SENSITIVE

- 10 -

U.N. Security Council Resolution

-- A final possible form for the termination of belligerency would be to incorporate the agreement in a Security Council Resolution which Israel and Lebanon would accept. This was the formula followed in 1978 to bring about Israeli withdrawal from Lebanon.

U.S. "Guarantees"

It is doubtful that the Israelis would accept any form of security arrangements unless they had sufficient assurance that Lebanon would be able or willing to carry out its undertakings. This will lead Israel to seek not only specific and formal legal undertakings, but also some ongoing role in the arrangements for implementing those undertakings. (For example, Israel indicated at the outset of the Lebanon operation that it would wish to have a direct role in establishing the legal framework for the operations of a peacekeeping force. Such a role would imply ongoing Israeli authority over Lebanese territory and would be clearly inconsistent with our objective of strengthening the authority of the Lebanese Government.)

As a means of gaining Israeli acceptance of arrangements for termination of belligerency which would be within the realm of what the GOL could accept, we might consider offering assurances that the U.S. would take appropriate steps in the

SECRET/SENSITIVE

SECRET/SENSITIVE

- 11 -

event of a serious violation of the basic security arrangements. (We made significant commitments to Israel regarding action we would take in the event of a serious violation of its Peace Treaty with Egypt.) A parallel U.S. undertaking to the GOL could be a significant deterrent to Israeli military action against Lebanese territory, and thus a major selling point with the Arabs. (The form and content of any such undertakings would have to be developed with great care in order to avoid a security commitment warranting a treaty under established U.S. constitutional practice.)

Relation With the Arab League Mutual Security Pact

Ambassador Draper has asked that we examine whether Lebanon could terminate its state of belligerency with Israel consistent with its collective defense commitments to its fellow Arab League members. This question arose in the negotiation of the Egypt-Israel Peace Treaty. Egypt maintained that there was no inconsistency between its peace treaty with Israel and the Arab defense pact. Egypt's rationale was that the right of collective defense is acknowledged in the UN Charter and that the Arab defense pact would only come into play if Israel attacked an Arab State. As a general matter, this is correct. There is no inconsistency, for example, between the NATO agreements and our peaceful relations with the Soviet Union.

SECRET/SENSITIVE

SECRET/SENSITIVE

- 12 -

Israel argued that some of the Arab States still continue to consider themselves at war with Israel, and that they might maintain that Israel's previous "attacks" on Arab States can trigger a future duty to respond against Israel. (This is inaccurate legally, since the basic principles of the UN Charter as well as specific UN Security Council decisions do not permit the Arab States (or Israel) to attempt to advance their claims through military action.)

This point was argued at length between Egypt and Israel, and Egypt ultimately prevailed, at least insofar as it did not renounce the Arab League Mutual Defense Pact. However, the following Agreed Minute was added to the Egypt-Israel Peace Treaty, at Israel's insistence:

"It is agreed by the Parties that there is no assertion that this Treaty prevails over other Treaties or agreements or that other Treaties or agreements prevail over this Treaty. The foregoing is not to be construed as contravening the provisions of Article VI(5) of the Treaty, which reads as follows:

'Subject to Article 103 of the United Nations Charter, in the event of a conflict between the obligations of the Parties under the present Treaty and any of their other obligations, the obligations under this Treaty will be binding and implemented.'"

Presumably the matter could be handled in a similar fashion if it were to arise in the Phase II negotiations.

SECRET/SENSITIVE

SECRET/SENSITIVE

- 13 -

Conclusion

-- A wide range of flexibility is available both as to the substance and form of arrangements which would terminate the state of belligerency between Israel and Lebanon.

It should be possible to develop an approach which would go a long way towards meeting Israel's objectives of (a) improving its bilateral relationship with Lebanon (by ending the state of war), and (b) formalizing the security arrangements which necessarily will be part of the package in any event. At the same time, it should be possible to do this in a manner which the Lebanese can defend as falling far short of the Egypt-Israeli Peace Treaty model and as being consistent with earlier Arab-Israeli arrangements.

Expanding the scope of the termination of belligerency to include non-security matters would be far more problematical, both in terms of compromising the Lebanese Government domestically and its relations with the other Arabs, and of substantially complicating the negotiating process.

SECRET/SENSITIVE

SECRET

SOUTHERN LEBANON STAGE II

KEY POINTS

LOCATION OF STAGE II PKF: Southern Lebanon (40 kilometer zone)

SIZE OF FORCE: 10,000-15,000 depending on concept of operations

OPTIONS FOR MANNING:

- A. Expanded MNF
- B. Expanded UNIFIL
- C. Begin with MNF, transition to UNIFIL

OPTIONS FOR CONCEPT OF OPERATIONS

- A. PKF deployment around edges of 40 kilometer zone
- B. PKF deployment around edges and also throughout interior of 40 kilometer zone
- C. Begin same as Option B, but PKF in interior start as soon as possible to turn responsibilities in interior over to Lebanese Armed Forces

SECRET

SECRETPEACEKEEPING IN SOUTHERN LEBANON:
THE POSSIBLE OPTIONS

When Israeli forces leave Lebanon, a peacekeeping force of some type will be needed in the zone extending from the Israeli-Lebanese border to a line roughly 40 kilometers north of Israel. Its primary function will be to assure the Israelis that this area will no longer be a launching pad for the kind of harassments by infiltration and artillery that plagued northern Galilee in the past.

There are essentially three options for a peacekeeping force in Southern Lebanon:

-- An expanded Multilateral Force (MNF), either with U.S. participation as is currently the case in Beirut or without U.S. troop involvement.

-- A UN force, almost certainly drawing on UNIFIL now deployed in southern Lebanon, but expanding its manpower and scope of operations.

-- A transitional arrangement initially deploying an MNF but replacing it, perhaps in stages, with a UN force.

The concept of operations for any such force could vary, depending largely on the number of troops available. A concentration of effort solely at the margins of the zone is one possibility, but this would not address the problem of internal security in Lebanon which has led to foreign intervention in the past. Alternatively, the force could be given additional duties in the central area of its zone, augmenting the Lebanese security forces in those places. A third possibility is to introduce a force which would turn over its duties in the central area of the zone to Lebanese authorities as soon as possible. These concepts of operations are discussed in greater detail in the attached paper.

A MULTINATIONAL FORCE

An expanded MNF is the simplest force conceptually and therefore may be the easiest to handle operationally. However, considerable bargaining with potential contributing countries would be required. For a force of significant duration, it would be necessary to establish a multinational superstructure, as in the case of the Sinai MFO. As currently foreseen, the force would have a strong Western core, although other states could take part. The MNF idea has several advantages:

SECRETDECL: OADR

SECRET

- 2 -

-- Most importantly, Israel is far more likely to accept an MNF than a force under UN auspices, especially if the MNF has an American component. The Israelis have frequently told us of their distrust of UNIFIL because of its alleged pro-PLO bias and unreliability. Without U.S. participation, however, an MNF would be only marginally preferable to Israel.

-- This option bypasses the UN Security Council debate that would be necessary to expand UNIFIL or to establish a new UN force, thus avoiding the political problems that could arise in the Council, especially if the Soviets adopt an obstructonist attitude. However, these potential difficulties in the Council would be minimized if key Arab governments make Moscow aware that they accept the decision.

-- An MNF composed of well-trained armies with a strong Western component is likely to be a more effective force than one drawn from a variety of sources under a UN mandate.

Nevertheless, there are some significant disadvantages to the MNF concept, related mainly to political problems that could arise within the U.S. and with other countries:

-- An MNF with U.S. participation would tie up U.S. forces in a volatile situation, and casualties would be likely. This problem could be removed by establishing the MNF without U.S. troops, but recruiting an MNF and persuading Israel to accept it without at least some U.S. involvement would be difficult.

-- U.S. participation would require legislation. Open-ended participation by U.S. troops would very likely be criticized, particularly if we could not demonstrate that a UN force was unavailable.

-- U.S. forces in an MNF could find themselves in the position of implicitly guaranteeing Lebanon's and Israel's security against hostile forces. Conceivably, U.S. forces could be placed in a confrontation situation with the Israelis. Also, an MNF could easily become involved in inter-factional Lebanese enmities.

-- It may be difficult to recruit forces from potential donors, both Western and Third World, because of the lack of a UN sanction and the likelihood of Western predominance.

AN EXPANDED UNIFIL

The existing UNIFIL contingent with an authorized strength of 7,000 troops is the most likely nucleus of any UN force for southern Lebanon. Observers estimate that the size of the

SECRET

SECRET

- 3 -

force would have to be increased to about 15,000 men to cover effectively the larger area envisaged for it. Regardless of its size, however, the UNIFIL concept faces the problem of low credibility because of UNIFIL's past deficiencies. Nevertheless, we have told Secretary General Perez de Cuellar and the troop contributing countries that UNIFIL is our preferred option for peacekeeping in southern Lebanon, and we have actively encouraged its interim renewals since last June. It should be noted that, if we opt for an MNF now, it will be virtually impossible to secure the interim renewal due on October 19.

The UNIFIL idea has some inherent strengths and weaknesses. Its strengths are the following:

-- With several thousand troops already deployed in southern Lebanon, it could undertake initial duties as soon as a mandate is worked out. An MNF might have to negotiate at some length to reach a comparable number of troops.

-- Many of UNIFIL's past problems can be attributed to political limitations beyond its control and to a military situation which its small numbers could not possibly handle. Neither Israel nor the PLO cooperated adequately with it. UNIFIL is an experienced force with some effective units. To the extent that UNIFIL's restricted operating rules caused its poor performance in the past, a strengthened mandate could greatly alleviate its problems. Moreover, it would no longer have to cope with a gerrymandered area of operations, with emplaced pockets of hostile forces. PLO forces are now virtually eliminated from Beirut and south Lebanon.

-- All the disadvantages of U.S. involvement with an MNF could be avoided. In accordance with traditional UN peacekeeping practice, the U.S. as a superpower would not join the force. Also, greater international support can be expected because of the UN sanctioning.

The main disadvantage of the UNIFIL idea is the likelihood of Israel's resistance, but there are other problems as well:

-- A Security Council debate would be necessary to enlarge UNIFIL's mandate.

-- U.S. influence would be less than in an MNF, although conversely the willingness of other countries to participate is apt to be greater under UN aegis.

SECRET

SECRET

- 4 -

-- Most importantly, Israel is unlikely to accept UNIFIL in the initial negotiating, and it might never be persuaded to do so. If we decide to propose this concept to Israel, we will have to stress the political problems we face with open-ended U.S. participation in an MNF and point out that a strengthened mandate and a careful selection of contributor countries (weighted heavily toward countries Israel could trust) could ease many of its problems.

TRANSITION FROM AN MNF TO AN EXPANDED UNIFIL

If the UNIFIL concept is difficult to sell initially, a possible alternative is to begin with an MNF and replace it later with an enlarged UNIFIL. The MNF could be used for the militarily more demanding tasks likely to arise in the beginning, and UNIFIL could then undertake the somewhat more routine peacekeeping chores required over the long term.

The pros and cons of each concept remain as outlined above, but this combination of the two concepts might be the key to a successful negotiation among the parties. In particular, if it could be arranged that several of the major national units in the UNIFIL force were drawn from some of the countries comprising the MNF, Israeli concerns might be substantially mitigated. French and Italian units, for example, already exist in both UNIFIL and the MNF. A "change of hats" by the French and Italians at the proper time could be a helpful device, even though the Israelis are generally suspicious of French motives.

SECRET

SECRET

CONCEPT OF OPERATIONS FOR AN ENLARGED
PEACEKEEPING FORCE (PKF)
IN SOUTHERN LEBANON

1. Assumptions

For an expanded PKF to have any chance of improving UNIFIL's previous record, getting the Israelis to pull out and forestalling another massive Israeli incursion the following conditions must be met:

A. Haddad and Haddadland will be removed from the scene, and the De Facto Force (DFF) will be dissolved and its troops reintegrated into the Lebanese Armed Forces (LAF) or otherwise brought under Lebanese government control.

B. Armed Palestinian elements will have been effectively cleared out of the new PKF Area of Operations (AO) or neutralized.

C. Satisfactory arrangements concerning the various Lebanese militia in the AO will be agreed. At a minimum, militias within the PKF AO will have to operate under the authority of the Government of Lebanon (GOL).

D. The GOL will take the legal and practical steps necessary to enforce the agreed security arrangements.

2. Area of Operations (AO)

A. The AO would stretch southward to the Israeli-Lebanon border from a line running generally from the vicinity of Wadi as-Zaynah to a point on the Syrian-Lebanon border northeast of Rashaya. Concept I would divide the AO into four zones as follows:

SECRET
DECL: OADR

Zone A: A strip approximately 4 kilometers wide with its northern boundary running from the coast near Wadi az-Zaynah and extending eastward, (taking into account local terrain, population centers and routes of communication) north of Lake Qir'awn and north of Rashaya to the Syrian border.

Zone B: Running southward from the southern boundary of Zone A between the Hasbani River and the Syrian border to the vicinity of Al-Khiam.

Zone C: Running from Al-Khiam south and west to the coast generally in the area now occupied by the DFF. (That part of the Haddad forces area around Marj Ayoun would be in Zone D.)

Zone D: An "interior zone" formed by the coast and the crescent-shaped area formed by Zones A, B and C.

This concept would call for deployment of the PKF battalions in Zones A, B and C. The Observer Group in Lebanon (OGL) would observe and patrol in Zone D, backed up by the force as necessary. (NOTE: OGL personnel currently are seconded to UNIFIL from UNTSO.) The PKF would be prepared to take immediate action in Zones A, B and C to prevent or rectify violations. The PKF would be expected to fire for effect upon infiltrators who do not heed warnings to stop. In Zone D, the GOL, either through the LAF or in the Internal Security Forces (ISF), would be expected to take initial action to prevent or rectify violations, with the assistance of the OGL and PKF as necessary.

SECRET

SECRET

-3-

The rationale for this arrangement is as follows. Zone A meets the Israeli requirement for setting up the force about 40 km from Israeli territory (measured in an arc from Metulla). It also includes Sidon within the AO to remove the perception and potential of its taking on the characteristics of "the Tyre pocket" under the previous arrangements. Zone B protects against infiltration over and around the Hermon massif and provides both the reality and perception that "Fatahland" is no more. Zone C, in that part of "Haddadland" immediately adjacent to the Israeli border, provides a final line of defense against infiltration into Israel and gives Israel both real and psychological compensation for the removal of the DFF. Zone D is an economy of force measure, provides an opportunity for a reassertion of GOL authority, and reduces the chances for friction between UNIFIL and the inhabitants.

A second concept would still station the majority of the PKF forces along the boundaries of the AO, and the primary focus of the force would also be aimed at stopping infiltration. In this concept, however, some PKF forces would also be stationed in the interior of the AO, where they would undertake active patrol to carry out their mission. Internal order would remain the responsibility of GOL forces, but the PKF would have responsibility for dealing with forces anywhere in the AO which could pose a threat to Israel. This concept is likely to require a one-third increase in manpower.

SECRET

A third concept is to begin with the second concept, but to turn authority for carrying out the mission in the interior of the AO over to the GOL as rapidly as it develops the capability of exercising it. Under this concept, the PKF in the interior would work as closely as possible with GOL forces to train them to be able to assume the mission. As in other concepts, the GOL forces would remain responsible for internal security throughout the interior.

3. Mission of PKF

- A. To observe withdrawal of all non-Lebanese armed forces from the AO;
- B. To prevent infiltration into and through the AO;
- C. To ensure compliance with the arrangements concerning weapons and Lebanese militias within the AO; and
- D. To assist the GOL in eventually gaining effective authority in the area.

4. Tasks

The force will operate observer posts (OPs) and checkpoints (CPs), vehicular and helicopter patrols and use its best efforts to prevent violations. Remote sensor fields would be placed where suitable, perhaps monitored and maintained by civilian technicians attached to UNIFIL.

In Concept I, within Zone D, the major enforcement role would devolve upon the LAF, which would man OPs and CPs,

SECRET

SECRET

-5-

conduct patrols and take action to rectify violations of the security arrangements. The LAF unit of approximately 1,300 personnel currently deployed in the existing UNIFIL AO could supply the initial manpower for this mission. The OGL would also man OPs and provide liaison teams to the LAF and the various militias as necessary. The PKF could conduct aerial reconnaissance and would render other assistance to the GOL as necessary. In Concepts II and III the PKF would carry out these activities working closely with GOL forces.

Along the coast, specially trained personnel of the OGL would man, at appropriate intervals, coastal early warning stations. The PKF should also have a limited coastal patrol capability with lightly armed fast patrol boats, at least until the LAF could assume this role. The OGL will cooperate with GOL coastal and port control operations.

LAF units would be stationed in major urban areas throughout all the zones as units become available. A company each would be stationed in Sidon and Tyre, and platoons in Marj Ayoun and Nabatiyah, et al. Depending upon the concept chosen, the PKF and/or the OGL would also carry out stationary and mobile observation in these areas and could also be stationed in major towns.

Using his helicopter assets, the Commander would form a quick reaction force for use in all the zones, but particularly as a backup to the forces in Zone D. For training, operational

SECRET

SECRET

-6-

and morale purposes, each contingent could form such a force and maintain alert status on an alternating, "duty roster" basis.

5. Size of Force

For Concept I the Mission and AO would require the addition of four battalions (600 personnel each) to the current UNIFIL force, plus a helicopter unit with approximately 60 personnel. The OGL may require augmentation as well. (We must be careful to avoid the inclusion of Soviet UNTSO observers in the OGL, a goal both the GOI and GOL would support.) This would result in a force of about 10,000. Concept II and, at first, Concept III, would require a larger force estimated to be about 15,000. The exact number would depend on LAF capabilities and the frequency of PKF patrolling desired in Zone D.

6. Equipment

The following equipment should be included as a minimum (increases above current UNIFIL inventory):

- medium indirect-fire support weapons (81 mm mortars)
- 1 platoon of troop carrying helicopters (8 UH-1 type)
- approximately 4 fast patrol boats
- additional 1/4 and 3/4 ton vehicles
- unattended sensor devices for use in suitable areas
- coastal early warning radar
- metal and explosive detection equipment for use at CPs

7. Conduct of Operations

Several PKF operating practices will require modification from existing UNIFIL practices:

SECRET

SECRET

-7-

A. The central authority of the Commander vis-a-vis the contingents will need to be strengthened.

B. Weapons confiscated will be destroyed or turned over to the GOL for its permanent retention or destruction.

C. Personnel must have freedom of movement necessary for the accomplishment of the mission.

D. PKF headquarters should be moved away from Ras an Nagura, nearer to the seat of GOL authority, perhaps Sidon.

8. Violations

PKF will use its best efforts to prevent armed infiltration and smuggling of arms through Zones A, B and C. Its rules of engagement will permit opening of fire to prevent violations. PKF will seize suspected infiltrators, along with their arms, and turn them over to the GOL for prosecution. PKF will cooperate with the GOL and, wherever possible, involve contingents of the LAF.

In Concept I the OGL will patrol, observe and report to the GOL and PKF concerning the situation within Zone D and the major urban areas. Suspected or verified violations of the security arrangements will be reported to the GOL for rectification in the first instance. The Commander will provide the GOL assistance as necessary, and will take necessary steps to remove violations when the GOL is unwilling or unable to do so. In Concept II and, at first, Concept III, the PKF will also patrol within Zone D and act to rectify violations.

C. The GOL will prosecute individuals who violate the arrangements.

SECRET

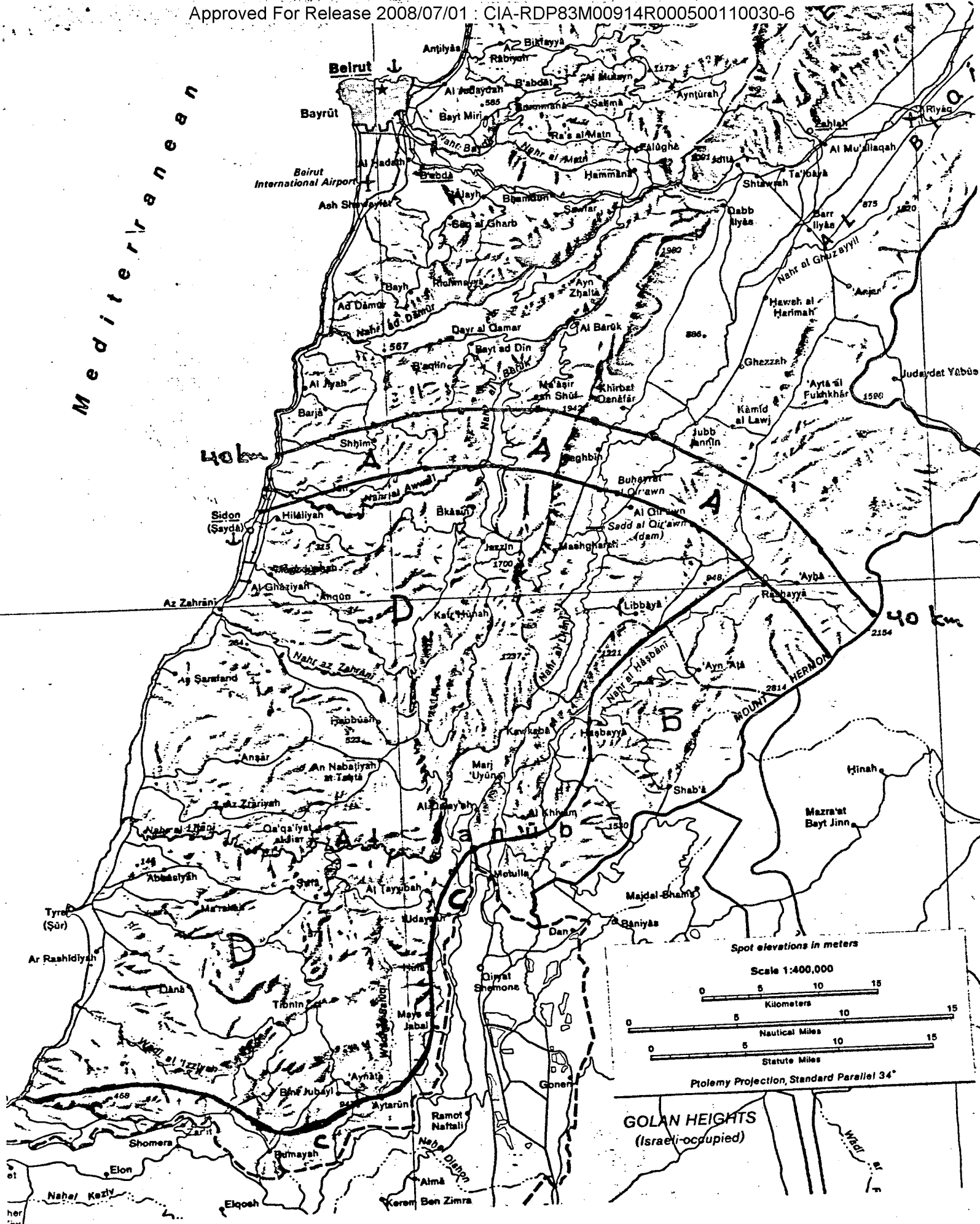
9. Deployment

A procedure and timetable for the PKF redeployment, coordinated with the IDF withdrawal, will be required. The enlarged PKF should be in place before Israel withdraws.

10. Wording of the UNIFIL Mandate

If UNIFIL is chosen to serve as the PKF, troop contributors and Israel will insist that the report of the SYG incorporating UNIFIL's new mandate be more specific than previous reports. When we have a common understanding on the concept of an expanded UNIFIL, we will want to coordinate with the UN on the drafting of the mandate and related documents.

SECRET



CONFIDENTIAL
CONFIDENTIAL

Reconstruction of Lebanon

Lebanese Government officials speak of a reconstruction bill totalling \$25 billion, the bulk of which would go to rebuild infrastructure damaged in the seven years of civil war prior to this June's Israeli invasion. Damage is divided about 50-50 between the public and private sectors. In the private sector, replacement of destroyed and damaged housing and office buildings, privately owned hospitals and schools will take most of the funds. In the public sector, major reconstruction of basic infrastructure, including water and sewer systems, power, roads and telecommunications will be required. It is very hard to separate recent damage from the fighting of the earlier seven years of civil war and from the general deterioration of public infrastructure and services during the period. Whatever the exact reconstruction cost there is no question that a very large volume of external financing will be required. We assume that private resources, mostly Lebanese and Arab, will fund a large portion of these needs. Another large part will have to come from official aid from wealthy Arab countries. Therefore our own discussions with Congress and the public assume that we would over the long run play only a relatively small financial role.

Multilateral Aid Efforts

We have urged the World Bank to assume an active and early leadership role to identify priority reconstruction needs and stimulate the mobilization of other donor resources. In response to U.S. encouragement, to Lebanese Government requests, and to some positive initial responses from other prospective donors, the Bank has assembled a small "reconnaissance team" now scheduled to visit Lebanon in early November. The team's mission is to assess priority reconstruction needs as well as to identify project areas suitable for possible lending by the Bank itself and by other bilateral donors. The team would be in Lebanon for three to four weeks, with another one-two weeks needed to complete report. Consequently, if the November departure date holds, a IBRD-led Consultative Group meeting of donors could take place in early January.

The early November timing of the Bank's reconnaissance team assumes a new cabinet will have been able to formulate GOL views on reconstruction by then. The Bank is particularly concerned about the lack of effective GOL institutions to utilize substantial aid. The Bank intends to talk to President Gemayel, on these subjects, during his mid-October visit to the United States before launching its survey team.

The Bank continues to state that it is looking for additional expressions of donor support for the Bank to take a strong leadership role. We are actively following up with Western donors, suggesting that they express to the Bank their interest in participating in a Bank-led donor group. We are also consulting with Saudi Arabia and Kuwait on this subject but we are not pressing them to make official commitments in aid at this stage, because they might feel constrained to put forth political preconditions (e.g. concerning Israeli withdrawal) that could pose serious obstacles to broad Arab participation in reconstruction if certain timetables and milestones were not met to their satisfaction.

CONFIDENTIAL

(DECL: 10/8/85)

CONFIDENTIAL

- 2 -

U.S. Bilateral Aid Efforts

Since June, we have made available \$110 million in economic aid for both emergency relief needs of Lebanese and Palestinians and for rehabilitation and reconstruction of damage in South Lebanon and Beirut. Of this amount about \$46 million will have been spent by this weekend, mostly for grants to international organizations (UNICEF, UNRWA and the International Committee of the Red Cross.)

Relief needs in South Lebanon other than for Palestinians are largely met. Emergency temporary shelter for homeless Palestinians in the South and for both Palestinians and Lebanese in West Beirut is the primary unmet emergency need now that winter is near. This is a very difficult issue requiring cooperation from both the Israeli and Lebanese Governments as well as an active UNRWA role. Food supplies in country appear to be good. Minimum health needs appear to be met for both the Lebanese and Palestinian populations and the danger of epidemics is under control. We are reviewing repair requirements for potable water and sanitation as well as needs for physical rehabilitation of the wounded and handicapped.

Some of our aid funds are already flowing into rehabilitation/reconstruction needs. Our \$10 million contributions to UNICEF will go to a \$60 million program for rehabilitating damaged potable water systems, schools, hospitals, and clinics in the southern part of the country and in Beirut. We have another \$10 million reserved for West Beirut which we will start to commit upon receiving the results of a State/AID team now reviewing needs there. Another \$10 million was earmarked by Congress for the American University of Beirut and Hospital institutions which have done much to further western and particularly American ideas in that part of the world. We've already given \$3 million to AUB from that amount. We are also putting together a \$30 million Housing Guaranty program to assist housing rehabilitation.

We are also interested in and stimulating private sector involvement, both Lebanese and American in Lebanon's reconstruction. The Lebanese economy, even under war time conditions, is a vibrant sophisticated operation, and we think Lebanese creativity and money, including close to \$1.5 billion annually in remittances from overseas, will play a major role in self-help rebuilding of the country. Two U.S. business groups have been established; one to determine necessary conditions for the U.S. private sector to participate actively in the reconstruction process, and the other to match needs in Lebanon with donations of gifts and services.

We favor a strong private sector role in reconstruction. However, the U.S. approach to reconstruction also aims at bolstering the perception of a strong central Lebanese Government able to protect its people and provide adequate services to all elements of its population. Although Lebanon has a large number of private schools and hospitals, for example, the Government will probably have to do more to assist in the provision of health and education facilities, as well as roads, water and sanitation facilities, power, which will benefit the population at large.

CONFIDENTIAL

- 3 -

In designing and carrying out our bilateral aid programs, we should keep in mind the needs of those not directly benefiting from private sector activities. We should also support the World Bank and other prospective donors in their efforts to advise the Lebanese on ways to provide adequate public services and to protect all the population.

Next Steps - Legislative Strategy

The \$50 million in supplemental funds we received last month will probably be fully committed by January. We have not yet determined what our funding needs for the remainder of FY 1983 and 1984 will be. We're now reviewing our legislative strategy for obtaining additional funds for Lebanese reconstruction.

We'll have to decide how much we will need, what we spend it on and the best time to seek it.

Our options are to seek additional funds under the second continuing resolution (in mid December), to seek another supplemental authorization and appropriation for FY 1983, say in January, or to put an amount in the regular request for FY 1984. This decision will depend on which route is (1) likely to get us funds the earliest and (2) will allow us to make the best case, i.e., witnesses later on in the year may be able to speak more authoritatively on the role and contributions of the World Bank and other bilateral donors to the reconstruction effort. Decisions on timing and amounts, will have to be made by early December. We are now thinking of another \$100 million for the FY 1983-84 period.

We will not have much detail until early next year on what other donors will be doing in the reconstruction area - a question likely to be raised on the Hill. But public interest and concern over Lebanon should allow us success in getting additional funds. We are thinking of using a portion of those funds to finance Lebanese capital equipment from the U.S. in such sectors as transportation, electric power, telecommunications, water and sanitation possibly in combination with Export-Import Bank and commercial bank financing. This should appeal to at least some elements of Congress who would like our aid funds to help U.S. suppliers participate more effectively in Lebanon's reconstruction.

CONFIDENTIAL